M/s Goldmedal Electricals Pvt. Ltd.

Authority for Advance Ruling — Maharashtra

NO.GST-ARA- 37/2021-22/B-151, Mumbai, dt. 28.09.2026 (as printed; the… Dated **28.09.2026**

Q Questions Before the Authority

- Whether the Applicant is liable to discharge GST on supply of reward goods, such as mobile, refrigerator and television sets, to dealers or retailers against redemption of points earned on fulfilment of targets under the Dhan Barse Scheme (as redrafted during the proceedings).
- Whether the Applicant is eligible to avail ITC of the tax charged by suppliers on purchases of goods that are subsequently supplied to dealers or retailers from the Dhan Barse e-Mall.

F Facts

The Applicant, a manufacturer of electrical goods such as switches, runs the Dhan Barse Scheme under which dealers and retailers earn reward points on purchases and redeem them on the Dhan Barse app's e-Mall for goods such as mobile phones, refrigerators and televisions. The Applicant buys these goods from suppliers who charge GST, issues only delivery challans for the transfer, and raises no tax invoice or monetary charge on the recipient.

H Ruling

GST liability on transfer of reward goods (mobile, refrigerator, television etc.) to dealers/retailers against redemption of Dhan Barse points	**Answered in the Negative (no GST liability on the transfer)**	Reasoned from the absence of consideration: the points are not an actionable claim and the goods are transferred as voluntary incentives, so there is no supply under section 7.
ITC on tax charged by suppliers on purchases of goods later supplied as rewards from the e-Mall	**Not eligible; ITC not available**	Blocked under section 17(5)(h) as goods disposed of by way of gift. The Authority rejected the Applicant's reliance on the buy-one-get-one-free and volume-discount paragraphs of Circular No. 92/11/2019-GST dated 07.03.2019.

The Authority answered the GST liability question in the negative, holding that the reward goods are transferred without consideration and so are not a supply under section 7. It held that the Applicant is **not eligible to avail ITC** of the tax charged by suppliers on these goods, because their transfer as rewards is a disposal by way of gift that falls within **section 17(5)(h)** .

R Reasoning

The Authority treated the points as an incentive mechanism rather than a contractual entitlement, since the scheme terms let the Applicant vary or withdraw rewards and disclaim liability, and no contract was signed. It therefore found no monetary or money's-worth consideration, so the transfers are not supplies under section

Prepared as a reading aid. Where this summary and the original order differ, the order governs.

7(1)(a) read with section 2(31). On input tax credit, it held that section 16(1) entitlement is overridden by the non obstante clause in section 17(5), and that clause (h) applies to goods disposed of as gifts. It distinguished the circular's buy-one-get-one-free and volume-discount clarifications because those concern goods of the same kind sold at a single price, whereas here the goods are unrelated to the Applicant's products. It followed the Maharashtra AAR in Biostadt India Limited and the Madras High Court in Ars Steel and Alloys, and it held that the Applicant's other judgments were factually distinguishable.

P Provisions Relied On

- Section 7(1)(a) of the CGST Act, 2017 (scope of supply)
- Section 2(31) of the CGST Act, 2017 (definition of consideration)
- Section 16(1) and 16(2) of the CGST Act, 2017 (eligibility and conditions for ITC)
- Section 17(5) and 17(5)(h) of the CGST Act, 2017 (blocked credits; gifts and free samples)
- Section 18(1) of the CGST Act, 2017 (referred to in section 17(5))
- Circular No. 92/11/2019-GST dated 07.03.2019 (paras B and C on sales promotion schemes)
- Gift-Tax Act, 1958 (definition of gift, used by analogy)
- Maharashtra AAR in Biostadt India Limited, GST-ARA-72/2018-19/B-165 dated 20.12.2018
- Madras High Court in Ars Steel and Alloys International Pvt. Ltd., order dated 24.10.2024 (2024-VIL-1319-MAD)

! For the Practitioner

A practitioner running a dealer reward or loyalty scheme in Maharashtra can cite this order for the position that goods transferred free against points carry no GST liability, and that the ITC on them is blocked under section 17(5)(h). The order does not decide whether the same result follows for a scheme with a binding contractual reward, a monetary component, or goods of the assessee's own product line. It is also a single-bench ruling, so its reasoning may be open to appeal before the Maharashtra Appellate Authority.

Source

Summary prepared from the published order, which is a scanned document. It is a reading aid and not the authority: where the two differ, the order governs. Verify every provision against the original before relying on it.

Original order: www.gstcouncil.gov.in -> 3-goldmedal_electricals_pvt._ltd._ara_order.pdf

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